

28 July 2023
ASX Announcement

FY23 Q4 Quarterly Activity Report and Appendix 4C

**ACHIEVED POSITIVE CASH FLOW FROM OPERATIONS OF \$0.2M^{1,2},
RECORD QUARTERLY REVENUE OF \$9.1M²,
RECORD MONTHLY REVENUE FOR JUNE OF \$3.7m²,
COMPLETED A \$8.5M CAPITAL RAISE**

Highlights:

- Positive cash flow from operations of \$0.2m¹ an improvement of \$2.3m PCP
- Quarterly revenue grows to a record of \$9.1m² up 6% PCP
- A new monthly revenue record set in June of \$3.7m, driven by tier 1 clients onboarded in May with several tier 1 clients signed in FY23 and currently being onboarded yet to contribute to revenue
- Record digital collections in Q4 of \$20.1m up 61% PCP, demonstrating rapid adoption of the digital platform
- Strong new sales momentum with 75 clients added in the quarter worth an expected \$2.2m in Potential Revenue³
- In South Africa, the Company has discontinued support for the platform deployed for Techub, saving \$500k a year in costs, redirecting resources to focus on integrating newly won work and pursue profitable sales opportunities in Australia
- Cash position of \$12.0m at bank following capital raise completed in May
- The Company will host an investor call this morning at 9.30am, please register [here](#)

Australian technology and debt collection provider **Credit Clear Limited (ASX: CCR) (Credit Clear or the Company)** is pleased to announce that in FY23 Q4 the Company achieved \$9.1m in revenue, which included record monthly revenue of \$3.7m in June. The Company signed 75 new clients during the quarter, adding an expected \$2.2m in Potential Revenue, and achieved positive cash flow from operations of \$0.2m.

Payments collected via the digital platform continue to show strong growth with a record quarter of \$20.1m in transactions processed, up 61% PCP. Growth in digital collections is a direct result of ARMA's digitally led hybrid approach, where Credit Clear's technology is driving customer engagement in preferred channels where the best chances of conversion exist.

Active Files and Active clients, two key metrics and leading indicators of future revenue, are up 40% and 42% respectively.

Cash flow from operations

The Company achieved positive cash flow from operations of \$0.2m in Q4. Cash and cash equivalents at the end of the quarter stood at \$12.0m, following the \$8.5m capital raise in May which provides the Company with a strong balance sheet allowing for the onboarding and integration of tier 1 clients.

International update

With strong sales momentum winning several Tier 1 clients, Credit Clear has focused on integrating this newly won work and pursuing profitable sales opportunities in Australia. As a result, Credit Clear has informed Techub that it will provide no further integration and adaptation support to the platform in South Africa and the Company longer expects the Techub agreement to produce material revenue. There is no negative impact on the revenue of the Company.

Expected savings from exiting the Techub support are estimated to be \$0.5m per annum. The associated resources have been deployed to service recently won work. Similarly, the technical capability developed for Techub will be utilised in the business.

Industry outlook

The total addressable market for debt under collections in Australia in December 2022 was estimated to be \$21bn according to the ACDBA⁴.

Internal data shows that this could be substantially higher in 2023 given the increased collection activity on debt accumulated over the COVID years, as well as new financial pressure on consumers due to higher interest rates and general inflation, which is compounding the growth in debt under collections.

Over one million Australians with home loans have or will roll off fixed interest rates in 2023 and 2024 (880k in 2023 and 450k in 2024).

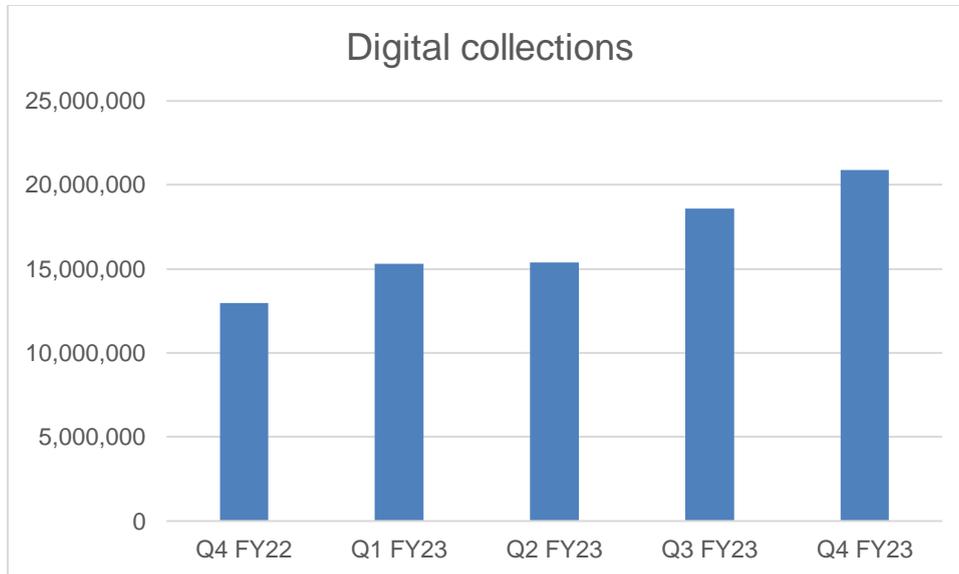
Debt files referred to ARMA's consumer collections team provide a clear indication that over and above new clients signed and winning addition work from existing clients, the value of debt under collections is rising rapidly across the economy. The average debt per file has increased 113% PCP, from \$1,099 to \$2,344 per file in the June quarter.

Credit Clear has previously emphasised that a more challenging economic environment, where a significantly larger portion of the population is likely to experience some financial vulnerability and be required to make budgetary adjustments, will highlight the need for its digitally-led hybrid offering to prospective tier-one clients, including several tier 1 clients in the insurance and banking sectors.

The Company continues to focus on new clients that have been signed and onboarded during FY23 to work towards shortening the time to achieve the expected annual revenue potential. As previously communicated, that due to client-side processes, a typical large client once signed can take between one to three months to onboard and, then take six to twelve months to scale up to potential revenue expectations. Therefore, much of the significant new business signed in FY23 is still climbing towards anticipated potential revenue.

Digital collections

Digital collections in Q4 set another record, collecting \$20.1m in digital payments, a 61% increase on PCP.



AI Case study (amounts below \$250)

Credit Clear continues to accumulate data validation points of the effectiveness of its digital messaging and Artificial Intelligence platform. In a case study conducted for an ARMA client during the quarter, Credit Clear achieved a 32% uplift in collections on debt files below \$250 when using its AI to make decisions about engagement metrics.

- ENDS -

NOTE:

1. Cash from operating activities as per 4C June Quarter report
2. Q4 financials are unaudited
3. Potential Revenue is an indication of eventual annualised revenue to be earned from clients already signed and in the process of being onboarded. It is determined by the agreed commission rate and/or service fee and based on information provided by the client in terms of their customers which includes factors such as the volume of files, average debt value, age of debt and description of internal account receivable processes.
4. <https://acdba.com/index.php/industry-demographics>

This ASX announcement was approved and authorised for release by the Board of Credit Clear.

Investor and Media Enquiries

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About Credit Clear

Founded in 2015, Credit Clear Limited is an Australian technology Company that has developed a digital billing and communication platform that helps organisations drive smarter, faster and more efficient financial outcomes by changing the way customers manage their re-payments through a user experience that the market demands in a digital age, powered by award winning artificial intelligence.

Credit Clear manages customer accounts across a range of industries including transport, financial services, insurance, government and utilities. The Company is based in Australia with headquarters in Melbourne and offices in Sydney, Brisbane, Adelaide and Perth.

www.creditclear.com.au

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Credit Clear Limited

ABN

48 604 797 033

Quarter ended ("current quarter")

June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,255	34,556
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(77)	(253)
(d) leased assets	(168)	(435)
(e) staff costs	(5,071)	(20,467)
(f) administration and corporate costs	(2,735)	(13,295)
1.3 Dividends received (see note 3)		
1.4 Interest received	75	209
1.5 Interest and other costs of finance paid	(83)	(137)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other – ARMA Earn-out cash payment		(2,988)
1.9 Net cash from / (used in) operating activities	196	(2,810)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(21)	(67)
(d) investments		
(e) intellectual property	(413)	(1,586)
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	(30)	(359)
2.6	Net cash from / (used in) investing activities	(464)	(2,012)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	8,000	8,000
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(420)	(420)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other – office lease payments	(368)	(960)
3.10	Net cash from / (used in) financing activities	7,212	6,620

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,058	10,204
4.2	Net cash from / (used in) operating activities (item 1.9 above)	196	(2,810)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(464)	(2,012)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,212	6,620
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	12,002	12,002

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	12,002	5,058
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	12,002	5,058

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	121
6.2	Aggregate amount of payments to related parties and their associates included in item 2	Nil
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

\$121k in payments at 6.1 relate to director fees as well as wages paid to the executive director.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other – Credit Card Facilities	100	0
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		100
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
ANZ Bank provides a \$50,000 credit card facility which is unsecured. Nab also provides a \$50,000 unsecured credit card facility.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	196
8.2 Cash and cash equivalents at quarter end (item 4.6)	12,002
8.3 Unused finance facilities available at quarter end (item 7.5)	100
8.4 Total available funding (item 8.2 + item 8.3)	12,102
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:28 July 2023.....

Authorised by:By the Board.....

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.